

2023 MINUTES OF THE STATE BOARD OF EQUALIZATION

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Tuesday, December 12, 2023

The Board convened at 450 N Street, Sacramento, at 9:07 a.m., with Mr. Vazquez, Chair, Ms. Lieber, Vice Chair, and Mr. Gaines present, Mr. Emran present on behalf of Ms. Cohen, in accordance with Government Code, section 7.9. A quorum was established.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mr. Vazquez.

ANNOUNCEMENTS

Mary Cichetti, Clerk, Board Proceedings, provided guidelines for public participation and other Boardroom procedures.

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

Mr. Vazquez invited persons who wish to address the Board regarding items not on the agenda to come forward, but none provided comment.

BOARD MEMBER MATTERS AND INITIATIVES

Mr. Gaines made introductory remarks regarding a presentation from the California Assessors' Association Northern California (NCAA) Regional Conference 2023 on conclusions learned from a data-driven review of 100 California multi-family housing bond financings. Mr. Gaines introduced the following presenters:

Lori Raineri, Chief Executive Officer, Government
Financial Services Joint Powers Authority
(GFSJPA) ([Exhibit 12.1](#))

Keith Weaver, Director of Services, GFSJPA

Sean Rawson, Co-Founder, and Head of
Acquisitions and Development, Waterford Property
Company

Mr. Schaefer entered the Boardroom.

The Board recessed at 10:39 a.m. and reconvened at 10:45 a.m. with Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Mr. Emran present.

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The Board received public comments from the following speakers regarding the previous presentation:

Brad Griggs, Manager, Opportunity Housing Group

Guy Penini, Principal, BLDG Housing

Tim Lineberger, Californians for Workforce Housing

Tom Maze, Californians for Workforce Housing

Jacob Bernstein, Californians for Workforce Housing

Shaun C. Bradley, Vice President, Affordable Housing, HomeFed Corporation

Christina Vasquez, Californians for Workforce Housing

John Drachman, Co-Founder, Waterford Property Company

Exhibits to these minutes are incorporated by reference.

CONSENT AGENDA

MOTION: Ms. Lieber made a motion to adopt the consent agenda including the Board Meeting Minutes of September 26-27, 2023, October 24, 2023, and November 14, 2023, publication of the 2024 revisions of Assessors' Handbook, Section 531, *Residential Building Costs* ([Exhibit 12.2](#)), Section 534, *Rural Building Costs* ([Exhibit 12.3](#)), and Section 581, *Equipment and Fixtures Index, Percent Good and Valuation Factors* ([Exhibit 12.4](#)), and the retirement resolutions of Janette Breault, Office Technician (Typing), State-Assessed Properties Division, Property Tax Department (PTD) ([Exhibit 12.5](#)), and Tina Salazar, Senior Specialist Property Appraiser, Assessment Practices Survey Division, PTD ([Exhibit 12.6](#)), as presented. The motion was seconded by Mr. Schaefer. The motion passed. Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Mr. Emran voted yes.

On behalf of the Board, Mary Cichetti, Clerk, Board Proceedings, read into the record the retirement resolutions of Ms. Breault and Ms. Salazar. Members and Yvette M. Stowers, Executive Director, made complimentary remarks, provided their individual congratulations, and thanked the retirees for their dedicated service to the State Board of Equalization and to the State of California. David Dodson, Manager, Cerritos Team, Assessment Practices Survey Division, PTD, also made complimentary remarks and congratulated Ms. Salazar on her retirement.

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The Board recessed at 11:33 a.m. and reconvened at 11:38 a.m. with Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Mr. Emran present.

EXECUTIVE DIRECTOR'S REPORTS

Yvette M. Stowers, Executive Director, reported on the status of pending and upcoming organizational issues. Ms. Stowers provided a report on California Proposition 1, Behavioral Health Services Program and Bond Measure (March 2024) ([Exhibit 12.7](#)).

Lisa Renati, Chief Deputy Director, reported on the status of operational priorities.

The Board recessed at 12:03 p.m. and reconvened at 1:05 p.m. with Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Ms. Cohen present.

TAX PROGRAM MATTERS

Sarah J. Wilkman, Appeals Attorney, presented the hearing summary of *Southern California Edison Company (0148), SAU23-010 Property Tax Appeal Oral Hearing*, petition for reassessment of Board-adopted 2023 unitary value of \$36,207,700,000. Contribution Disclosure forms were filed as required pursuant to Government Code, section 15626: No disqualifying contributions were disclosed.

Appearing for Petitioner:	David Lee, Taxpayer Andrea Wood, Taxpayer Karl Matthews, Taxpayer Marty Dakessian, Attorney Charles J. Moll III, Attorney
Appearing for the Department:	David Lujan, Attorney Richard Moon, Attorney Jack McCool, Chief, State-Assessed Properties Division

Issues:

Whether Petitioner has shown that the State-Assessed Properties Division (Respondent) has failed to reconcile the historical cost less depreciation (HCLD) value indicator and the capitalized earning ability (CEA) indicator of value.

Whether Petitioner has shown that Respondent erred in placing 75 percent reliance on the HCLD value indicator and 25 percent reliance on the CEA indicator of value.

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Whether Petitioner has shown that Respondent must adjust the Board-adopted value for SCE's liabilities for the 2017/2018 wildfires and mudslides.

Whether Petitioner has shown that Respondent improperly assessed the wildfire mitigation capital expenditures.

Whether Petitioner has shown that Respondent erred in its treatment of wildfire insurance fund-related contributions.

MOTION: Ms. Lieber made a motion to deny the petition. The motion was seconded by Mr. Vazquez. The motion passed. Mr. Vazquez, Ms. Lieber, Mr. Schaefer, and Ms. Cohen voted yes; Mr. Gaines voted no.

Sarah J. Wilkman, Appeals Attorney, presented a summary decision of *Liberty Utilities, (Calpeco Electric), LLC (0163) SAU23-018 Nonappearance Adjudicatory*, petition for reassessment of Board-adopted 2023 unitary value of \$266,600,000. Contribution Disclosure forms were filed as required pursuant to Government Code, section 15626: No disqualifying contributions were disclosed.

MOTION: Ms. Lieber made a motion to partially grant the petition as to Issue 6, and to deny the petition as to all other issues, consistent with the State-Assessed Properties Division's recommendation that the 2023 Board-adopted unitary value of \$266,600,000 be reduced by \$4,100,000 to \$262,500,000, as recommended by the Appeals Attorney. The motion was seconded by Mr. Gaines. The motion passed. Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Ms. Cohen voted yes.

Sonya Yim, Appeals Attorney, presented a summary decision of *Race Telecommunications, LLC (8099), SAU23-021 Nonappearance Adjudicatory*, petition for reassessment of Board-adopted 2023 unitary value of \$137,200,000. Contribution Disclosure forms were filed as required pursuant to Government Code, section 15626: No disqualifying contributions were disclosed.

MOTION: Mr. Vazquez made a motion to partially grant the petition as to Issue 1 and Issue 3 and to deny the petition as to all other issues consistent with the State-Assessed Properties Division's recommendation that the 2023 Board-adopted unitary value of \$137,200,000 be reduced by \$9,100,000 to \$128,100,000, as recommended by the Appeals Attorney. The motion was seconded by Mr. Gaines. The motion passed. Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Ms. Cohen voted yes.

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Sonya Yim, Appeals Attorney, presented a summary decision of *Crown Castle Fiber, LLC (8169), SAU23-020 Nonappearance Adjudicatory*, petition for reassessment of Board-adopted 2023 unitary value of \$1,093,700,000. Some Contribution Disclosure forms were filed as required pursuant to Government Code, section 15626, and some were not: Members noted that their records disclosed no contributions from this taxpayer, their agent, or participants.

MOTION: Ms. Lieber made a motion to deny the petition and reaffirm the 2023 Board-adopted unitary value of \$1,093,700,000 as recommended by the Appeals Attorney. The motion was seconded by Mr. Gaines. The motion passed. Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Ms. Cohen voted yes.

The Board recessed at 2:36 p.m. and reconvened at 2:42 p.m. with Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Ms. Cohen present.

CHIEF COUNSEL MATTERS

Henry D. Nanjo, Chief Counsel, made introductory remarks regarding Organization of the Board and its vote to elect a new Board Chair and Vice Chair.

Mr. Vazquez opened the floor to nominations for Chair. Mr. Vazquez, Ms. Lieber, and Mr. Gaines were nominated for Board Chair. Mr. Gaines declined nomination. Upon close of nominations, roll was called for the election of Board Chair for 2024. Votes were cast as follows:

Mr. Vazquez voted to elect Ms. Lieber.
Ms. Lieber voted to elect Ms. Lieber.
Mr. Gaines voted to elect Ms. Lieber.
Mr. Schaefer voted to elect Mr. Gaines.
Ms. Cohen voted to elect Ms. Lieber.

The Board elected Ms. Lieber to serve as Board Chair, effective January 1, 2024, to December 31, 2024.

Mr. Vazquez opened the floor to nominations for Vice Chair. Mr. Gaines was nominated for Board Vice Chair. Upon close of nominations, roll was called for the election of Board Vice Chair for 2024. Votes were cast as follows:

Mr. Vazquez voted to elect Mr. Gaines.
Ms. Lieber voted to elect Mr. Gaines.
Mr. Gaines voted to elect Mr. Gaines.
Mr. Schaefer voted to elect Mr. Gaines.
Ms. Cohen voted to elect Mr. Gaines.

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The Board elected Mr. Gaines to serve as Board Vice Chair, effective January 1, 2024, to December 31, 2024.

Ms. Cohen left the Boardroom and Mr. Emran entered on behalf of Ms. Cohen in accordance with Government Code, section 7.9.

EXECUTIVE DIRECTOR'S REPORTS (CONTINUED)

Lisa Thompson, Taxpayers' Rights Advocate, provided an update on the workload of the Taxpayers' Rights Advocate Office ([Exhibit 12.8](#)).

David Yeung, Deputy Director, Property Tax Department, reported on the status of pending and upcoming projects, activities, and departmental issues.

Glenna Schultz, Principal Property Appraiser, County-Assessed Properties Division, reported on the status of Letters to Assessors ([Exhibit 12.9](#)), and the Appraisal Training and Certification Program.

Jack McCool, Chief, State-Assessed Properties Division, reported on the status of pending and upcoming projects and activities for the Division.

Ted Angelo, Chief, Legislative, Research & Statistics Division, provided an update on administrative and program related legislative bills impacting the BOE.

BOARD MEMBER MATTERS AND INITIATIVES (CONTINUED)

The Board reached a consensus to defer the Board Member Strategic Plan to the next Board meeting.

Mr. Vazquez made introductory remarks regarding the Board Governance Policy for annual review and update. Mr. Schaefer provided revisions for Board consideration ([Exhibit 12.10](#)).

MOTION: Mr. Schaefer made a motion to incorporate into existing policy the following changes: Member opening remarks, if any, be limited to no more than three minutes each; opening remarks by Members shall have some relation to the District of the Member; the State Controller or their Deputy may present suitable statewide-related issues for comment; and Members wishing to provide additional comments may do so as closing remarks, time permitting. The motion was not seconded.

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Members came to a consensus to implement these policy changes now and adopt the changes during the next revision of the Governance Policy, publication 471-GOV.

Mr. Vazquez made introductory remarks regarding Affordable Housing Board Work Group Report: Statewide Informational Hearing for Modernizing California's Property Tax System, Part IV ([Exhibit 12.11](#)). Mr. Vazquez presented minutes and a report for the Board's consideration ([Exhibit 12.12](#)).

MOTION: Mr. Emran made a motion to approve the Affordable Housing Board Work Group Report and minutes as presented. The motion was seconded by Mr. Vazquez. The motion passed. Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Mr. Emran voted yes.

Mr. Vazquez presented the 2024 Board Meeting Workload Plan, identifying potential issues and a roadmap for the coming year and possible action ([Exhibit 12.13](#)).

MOTION: Mr. Gaines made a motion to schedule a February 22, 2024, informational hearing on how the insurance crisis is impacting property markets. The motion was seconded by Ms. Lieber. The motion passed. Mr. Vazquez, Ms. Lieber, Mr. Gaines, Mr. Schaefer, and Mr. Emran voted yes.

Mr. Vazquez and Mr. Gaines presented the Workforce Planning Board Work Group priorities and recommendations for 2024, for approval of collaboration with the California Assessors' Association on high priority efforts toward addressing workforce challenges in the coming year ([Exhibit 12.14](#)).

The Board came to a consensus to continue the Workforce Planning Board Work Group.

Mr. Vazquez presented the 2023 Year-End Review and Highlights, an overview of the Board's accomplishments over the past year ([Exhibit 12.15](#)).

CLOSING

The Board adjourned at 4:25 p.m. in memory of Former First Lady of the United States Rosalynn Carter.

The foregoing minutes are adopted by the Board on January 23, 2024.